

Message Text

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ACTION EUR-12

INFO OCT-01 IO-14 ISO-00 AID-05 CIAE-00 COME-00 EB-08
FRB-01 INR-10 NSAE-00 ICA-20 TRSE-00 XMB-04
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R 211803Z AUG 78
FM AMEMBASSY BONN
TO SECSTATE WASHDC 1226
INFO AMCONSUL BREMEN
AMCONSUL DUSSELDORF
AMCONSUL FRANKFURT
AMCONSUL HAMBURG
AMCONSUL MUNICH
AMCONSUL STUTTGART
USMISSION USBERLIN
USMISSION USNATO
USMISSION GENEVA
AMEMBASSY BERN
AMEMBASSY BRUSSELS

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USEEC ALSO FOR EMBASSY

E.O. 11652: N/A
TAGS: ELAB, GW
SUBJECT: UNEMPLOYMENT SEASONALLY UP IN JULY

REF: (A) BONN 14229; (B) BONN 5175; (C) BONN A-202

SUMMARY: UNEMPLOYMENT, NON-SEASONALLY ADJUSTED, INCREASED SLIGHTLY FROM 3.9 PERCENT IN JUNE TO 4.1 PERCENT IN JULY, BUT STILL WAS MORE FAVORABLE THAN ONE YEAR EARLIER, I.E., 4.3 PERCENT IN JULY 1977. THE FEDERAL EMPLOYMENT SERVICE ATTRIBUTED THIS DEVELOPMENT WHICH INTERRUPTED A CONTINUED DECLINE SINCE FEBRUARY EX-
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CLUSIVELY TO SEASONAL FACTORS ACCOMPANYING THE USUAL SUMMER LULL. REPRESENTATIVES OF THE SPD AND FDP COALITION PARTIES COMMENTED THAT THE INCREASE WAS NORMAL FOR THE SUMMER. THE CDU/CSU OPPOSITION REAFFIRMED CHARGES THAT GOVERNMENT MEASURES TO COMBAT UNEMPLOYMENT HAD BEEN INEFFECTIVE. THE GERMAN TRADE UNION FEDERATION (DGB) ALSO VOICED CONCERN OVER THE DEVELOP-

MENT. THE FEDERAL EMPLOYMENT SERVICE ALSO RELEASED
A STRUCTURAL ANALYSIS OF THOSE UNEMPLOYED IN MAY
OF 1978. END SUMMARY.

1. AN UPDATED REVIEW OF THE UNEMPLOYMENT STATISTICS
PUBLISHED BY THE FEDERAL EMPLOYMENT SERVICE FOLLOWS
(ALL TOTALS IN THOUSANDS, ALL RATES IN PERCENTAGES):

UNEMPLOYMENT		COMPARISONS			
	JULY 78	JUNE 78	JULY 77		
	TOTAL	RATE	TOTAL	RATE	TOTAL RATE
SEAS.ADJ.	991		986		1.053
NON-SEAS.	922.2	4.1	877.3	3.9	972.6 4.3
ADJ.					
MEN	428.9	3.0	409.5	2.9	465.0 3.3
WOMEN	493.3	5.8	467.8	5.5	507.7 6.0
REG. JOB	272.1		279.7		256.7
OPENINGS					
PART TIME	154.6		230.5		210.4
WORKERS					
FOREIGN	79.9	4.1	86.6	4.4	74.8 3.7
WORKERS					
YOUTH	82.0	3.8	68.2	3.2	96.4 4.5
(UNDER 20)					
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2. THE PRESIDENT OF THE FEDERAL EMPLOYMENT SERVICE,
STINGL, SAID THAT HE WAS NOT SURPRISED BY THE DEVELOP-
MENT WHICH HE ATTRIBUTED TO SEASONAL FACTORS, SUCH AS
THE "SUMMER LULL", DISCOURAGING EMPLOYERS
FROM MAKING NEW HIRINGS, THE TERMINATION DATE FOR WHITE
COLLAR WORKERS AT THE END OF A QUARTER, AND THE END OF
THE SCHOOL YEAR WHICH INCREASED YOUTH UNEMPLOYMENT
BY 13.800 OR 20.2 PERCENT. THE INCREASE OF 44.900
DURING JULY 1978, WAS THE LARGEST INCREASE IN UNEMPLOY-
MENT REGISTERED FOR THE MONTH OF JULY SINCE THE END OF
WORLD WAR II, ACCORDING TO STINGL. NEVERTHELESS, THE
UNEMPLOYMENT RATE OF 4.1 PERCENT REMAINS BELOW THE
RATE OF 4.3 PERCENT REGISTERED IN JULY 1977.

3. BUSINESS REMAINS SLOW, WHICH IS DEMONSTRATED BY
THE FACT THAT THE NUMBER OF JOB OPENINGS REGISTERED
BY THE FEDERAL EMPLOYMENT SERVICE IN JULY WAS
272.100, ONLY 6 PERCENT HIGHER THAN ONE YEAR EARLIER.
MANPOWER DEMANDS AFFECTING SKILLED CRAFTSMEN, ARE RE-
PORTED PARTICULARLY IN THE AUTOMOBILE INDUSTRY.
SURPRISINGLY, THE PRINTING INDUSTRY ALSO DEMANDS

SKILLED LABOR IN SPITE OF THE TECHNOLOGICAL INNOVATION

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PROCESS AND ITS IMPACT ON THE LABOR FORCE (REF B).

4. ON A REGIONAL BASIS, AN INCREASE IN TOTAL UNEMPLOYMENT WAS REPORTED IN ALL LAND EMPLOYMENT DISTRICTS, EXCEPT BERLIN. IT WAS GREATEST IN RHINELAND-PALATINATE-SAARLAND (PLUS 5.600 OR 7.6 PERCENT), SCHLESWIG-HOLSTEIN-HAMBURG (PLUS 3.900 OR 6.4 PERCENT), AND IN NORTH RHINE-WESTPHALIA (PLUS 18.300 OR 6.2 PERCENT). HOWEVER, NORTH BAVARIA REGISTERED AN INCREASE OF ONLY 1.500 OR 2.2 PERCENT, SOUTH BAVARIA 1.500 OR 2.3 PERCENT. IN WEST BERLIN, UNEMPLOYMENT EVEN DECLINED BY 900 OR 2.8 PERCENT. NORTH RHINE-
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WESTPHALIA NOW HAS THE HIGHEST UNEMPLOYMENT RATE WITH 5.1 PERCENT, FOLLOWED BY LOWER SAXONY-BREMEN WITH 4.9 PERCENT, AND RHINELAND-PALATINATE-SAARLAND WITH 4.7 PERCENT. AS IN PREVIOUS MONTHS, THE LOWEST UNEMPLOYMENT RATES WERE FOUND IN BADEN-WUERTTEMBERG WITH 2.6 PERCENT, FOLLOWED BY SOUTH BAVARIA WITH 2.9 PERCENT, AND HESSE WITH 3.3 PERCENT.

5. SEASONALLY ADJUSTED FIGURES WENT UP SLIGHTLY FROM 986.000 IN JUNE TO 991.000 IN JULY, BUT REMAINED BELOW THE ONE MILLION MARK. THAT LEVEL WAS SURPASSED IN APRIL 1975, AND SEASONALLY ADJUSTED FIGURES HAD REMAINED ABOVE THAT LEVEL UNTIL APRIL 1978.

6. STINGL ALSO REPORTED THAT THE UNEMPLOYMENT INSURANCE SYSTEM WHICH IS ADMINISTERED BY THE FEDERAL EMPLOYMENT SERVICE REGISTERED A DEFICIT OF DM 787 MILLION IN THE PERIOD JANUARY THROUGH JULY 1978. HE ATTRIBUTED THIS LARGELY TO THE APPROPRIATION OF ADDITIONAL FUNDS FOR JOB CREATION PROGRAMS AND MEASURES TO ENCOURAGE MOBILITY AMONG THE UNEMPLOYED.

7. COMMENT TO THE JULY UNEMPLOYMENT FIGURES WAS AS USUAL, WITH SPD AND FDP COALITION REPRESENTATIVES STRESSING THE SEASONAL NATURE OF THE INCREASE AND VOICING HOPES THAT THE NEW ECONOMIC INCENTIVES WOULD IMPROVE PROSPECTS IN THE FORESEEABLE FUTURE. THE CDU/CSU OPPOSITION, ON THE OTHER HAND, REITERATED COMPLAINTS THAT THE GOVERNMENT HAD TAKEN ACTION "TOO LATE AND USED INAPPROPRIATE MEANS" TO COMBAT THE STRUCTURAL CAUSES OF UNEMPLOYMENT. CSU BUNDESTAG DEPUTY ALBERT SCHEDL MADE THE "INFLATED WAGE SETTLEMENTS" RESPONSIBLE FOR THE NEW INCREASE IN UNEMPLOYMENT. THE UNCLASSIFIED

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DGB ALSO VOICED CONCERN OVER THE DEVELOPMENT, REITERATING DEMANDS FOR THE CREATION OF NEW JOBS AND SPECIAL ASSISTANCE PROGRAMS FOR UNEMPLOYED WOMEN, HANDICAPPED, OLDER AND LONG-TERM UNEMPLOYED; THE APPROPRIATION OF ADDITIONAL FUNDS TO STEP UP AND IMPROVE VOCATIONAL RE-TRAINING AND UPGRADING PROGRAMS; AND THE IMPROVEMENT OF THE PLACEMENT ACTIVITIES BY THE LOCAL EMPLOYMENT OFFICES WHICH HAD BEEN PROMISED BY THE FEDERAL LABOR MINISTRY.

8. A STRUCTURAL ANALYSIS OF UNEMPLOYMENT CONDUCTED BY

THE FEDERAL EMPLOYMENT SERVICE AT THE END OF MAY SHOWED AN INCREASE IN UNEMPLOYMENT AMONG THOSE WITH PHYSICAL HANDICAPS AND THOSE MORE THAN ONE YEAR OUT OF WORK. FROM MAY 1977 TO MAY 1978, THE NUMBER OF UNEMPLOYED PERSONS WITH PHYSICAL HANDICAPS INCREASED 26.200 OR 11.1 PERCENT TO 263.200. THE PROPORTION OF THIS GROUP AMONG THE TOTAL UNEMPLOYED INCREASED FROM

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25.0 PERCENT TO 28.8 PERCENT IN THE SAME PERIOD. THE NUMBER OF UNEMPLOYED WITH ONE OR MORE YEARS OUT OF WORK WAS 202.900 IN MAY 1978, 31.600 OR 18.4 PERCENT MORE THAN ONE YEAR EARLIER. A BREAKDOWN BY AGE SHOWS THE GREATEST DECLINE FROM MAY 1977 TO MAY 1978 AMONG THOSE UNDER 20 (MINUS 10.400 OR 11.9 PERCENT), A DECLINE ALSO AMONG THOSE BETWEEN 20 AND 40 YEARS OF AGE (MINUS 4 PERCENT), AND EVEN AMONG THOSE BETWEEN 45 AND 50.

THE FEDERAL EMPLOYMENT SERVICE ATTRIBUTES THE DECLINE
AMONG THE LATTER GROUP TO VARIOUS SPECIAL PROGRAMS.
HOWEVER, THE NUMBER OF UNEMPLOYED, 55 AND OLDER, IN-
CREASED BY 7,200 OR 6.5 PERCENT TO 118,300 IN THE
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PERIOD MAY 1977 TO MAY 1978. THE TWO PRECEDING SURVEYS
IN SEPTEMBER AND MAY 1977 HAD SHOWN A STABILIZATION
AMONG THIS GROUP.

9. A BREAKDOWN BY OCCUPATIONAL QUALIFICATIONS SHOWS
THAT 51.3 PERCENT OF THE TOTAL UNEMPLOYED REGISTERED
IN MAY 1978 WERE UNSKILLED OR SEMI-SKILLED WORKERS,
11.3 PERCENT SKILLED WORKERS, AND 18.4 PERCENT WHITE
COLLAR WORKERS WITH SPECIAL QUALIFICATIONS WHO
HELD POSITIONS IN THE MIDDLE MANAGEMENT BEFORE LOSING
THEIR JOBS. STINGL ANNOUNCED THAT THE GOVERNING BODIES
OF THE FEDERAL EMPLOYMENT SERVICE WILL REVIEW THESE
DATA AND SUBMIT APPROPRIATE PROPOSALS TO GOVERNMENT
AND PARLIAMENT WHICH WOULD CONCENTRATE ASSISTANCE
PROGRAMS ON THE OLDER UNEMPLOYED, THOSE WITH PHYSICAL
HANDICAPS AND THOSE WITH MORE THAN ONE YEAR OUT OF
WORK.

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